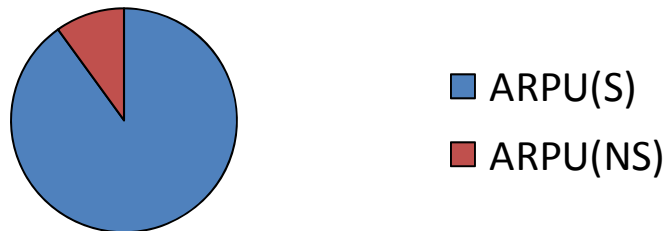


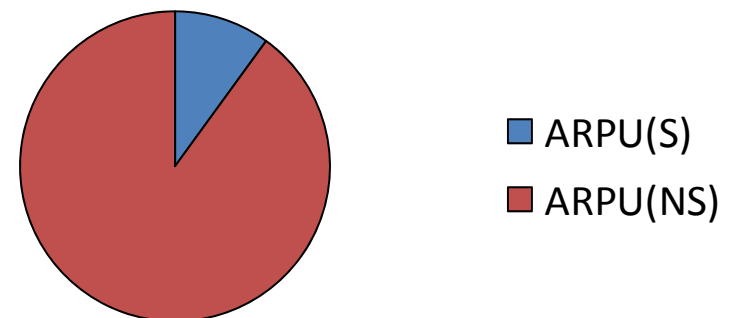


The non-Subscriber Revenue Imperative: ROI on Telecom Network CapEx

**ARPU Breakdown
(Where it is 2010)**



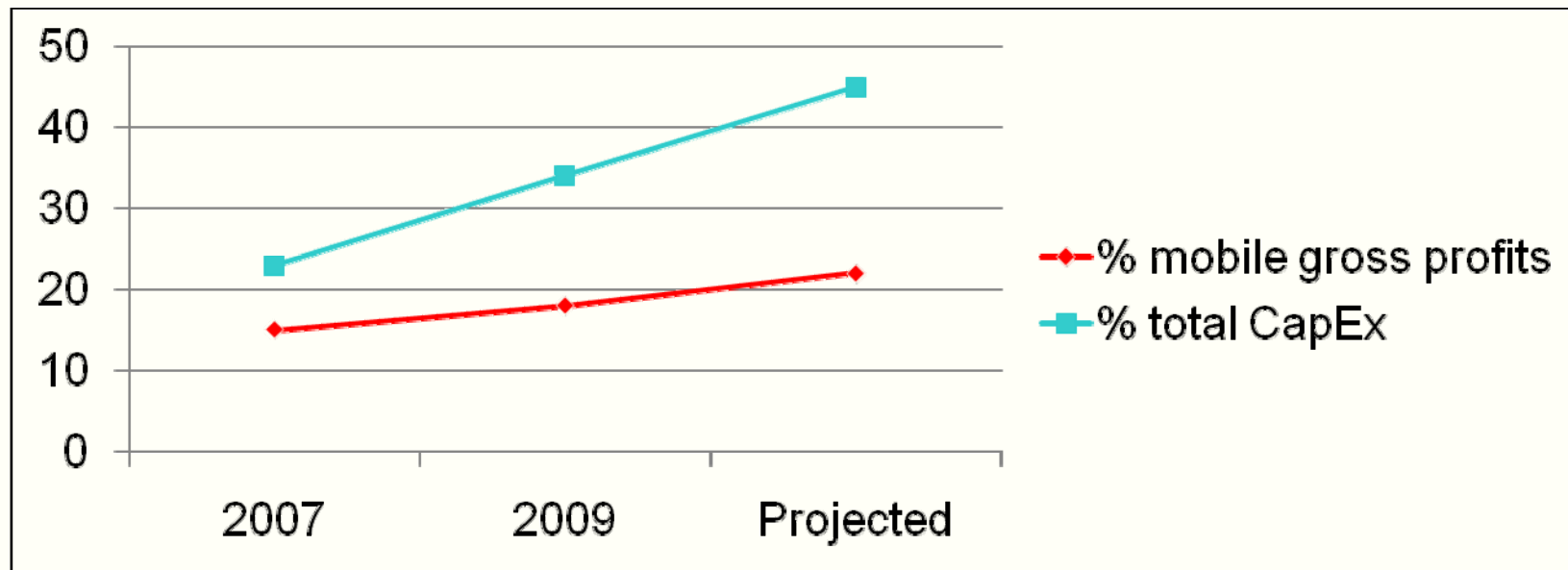
**ARPU Breakdown
(Where it needs to be)**





Telecom Mobile CapEx Trends

- Capital expenditures for wireless network build-out is in the billions of dollars for telecom operators, and will continue to increase
- For instance, AT&T's mobile capex shows it is an increasing percent of both mobile gross profits and total capex



* Source: www.trefis.com



Baseline Market Reasons for Telecom CapEx Trends

- Mobile capital expenditures by telecom operators (old and new) will continue to increase, in for no other reason than to meet their existing subscribers' demands for their mobile lifestyles, and to compete for subscribers with other mobile wireless operators' networks
- The preferred mobile lifestyle of subscribers is clearly involving substantial increases in
 - Mobile Web access and usage, including online video streaming
 - Mobile Apps access and usage
 - Mobile social network feeds
- We believe that lifestyle will also increasingly demand other high-data usage preferences, including
 - Massively Multi-player mobile on-line gaming (MMOs / MMORPGs)
 - Mobile Video Conferencing and Video Blogging
 - Mobile TV (sports, news, entertainment, ...)
 - Cloud data storage and access



Sources for ROI on CapEx

- Where does revenue come from to deliver ROI on the CapEx to shareholders of mobile network operators?
- Two options
 1. Subscriber revenue
 2. Non-subscriber revenue



Subscriber Revenue (Two Traditional Components)

- **Voice** revenue directly from subscribers
 - The fees for monthly (or pay-as-you-go) plans for making voice calls from the subscriber's mobile device

- **Data** revenue directly from subscribers
 - The fees for non-voice plans and purchases from the subscribers mobile device
 - Data bits (charges to user based on bits of downloads)
 - Services (charges to user for data services – SMS, remote data storage/sync/backup, etc)
 - Apps purchases (charges to user for mobile app purchases)
 - Product purchases (charges to user for product purchases, such as ring tones, songs, etc.)



Non-Subscriber Revenue (New, critical ARPU component)

- Revenue paid to operator from third parties for access to/sales to/revenue from subscribers
 - Revenue share for third party services
 - Revenue share from mobile apps purchases
 - Revenue share from product purchases
 - Revenue share from product placement
 - For example
 - default search engine icon on phone (eg, Google or Bing)
 - default website icon on phone (eg, Youtube icon)
 - Revenue from advertising to subscribers by third parties



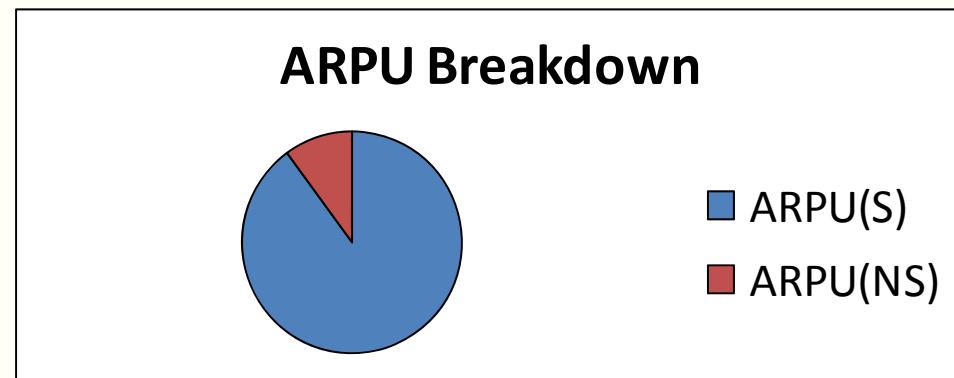
Current Allocation

■ Acronyms/Definitions

- ARPU = total average revenue per user
 - = historically, this has been subscriber voice and data fees
 - = we are re-defining it to be ARPU(S) + ARPU(NS) where
 - ARPU(S) = average revenue per user from subscriber fees
 - ARPU(NS) = average revenue per user from non-subscriber sources

■ Very rough ARPU breakdown percentages for 2010

- ARPU(S) = 90%
- ARPU(NS) = 10%*

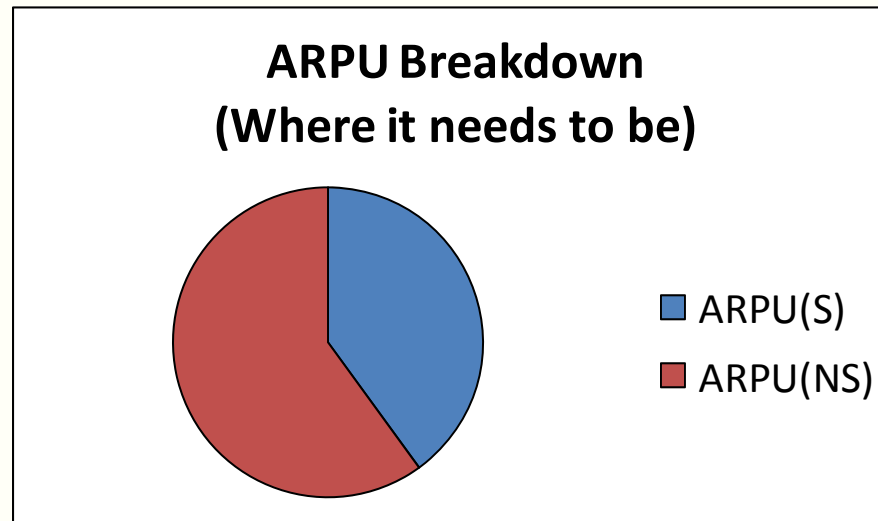


* We expect the actual percent is substantially lower than 10%.



Where the Allocation needs to go

- The relative percentage of ARPU revenue sources from subscriber and non-subscriber sources needs to be reversed ... to generate real ROI on capex ... to at least
 - ARPU(S) = 40%
 - ARPU(NS) = 60%





Why?

- ARPU(S) components margins are falling or flattening
 - **Voice** margins are falling
 - **Data** margins are flattening
 - Operators are offering all-you-can-eat data service plans
 - Operators are competing for subscribers on data plans
 - Subscribers (especially high data users, such as in family plans and college/recent college subscribers) are maxed out as to how much more they can pay on a monthly basis for all their telecoms (and other – cable/dsl, landline, etc) services



The Imperative

- Operators cannot expect to generate sufficient revenue to provide returns on their mobile capex if the majority of that revenue is derived from fees paid by subscribers
- Operators must generate substantial new revenue from non-subscriber sources
 - This also solves other critical operator issues, such as their strong motivation not to be relegated to the role of providing a series of pipes through which data streams get to users



How?

- One way is outlined in our white papers
 - “Monetizing the Keypad Real Estate on Mobile Devices”
 - “The Incredible Shrinking Mobile Search Results Page”
- Download them from
 - www.yuvee.com/prWhitePapers.php
 - www.slideshare.net and www.scribd.com
 - Tim Higginson’s profile on www.linkedin.com
 - Find it using a Google, Bing or other search



Related white papers

- Related “White Paper” Slide Decks
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 - Yuvee - Mobile User Experience Conference – UX Designers Den Slides
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 - The Changing Face of User Input on Mobile Devices
 - Compound versus Elemental Devices – New Mobile Device Market Strategies
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 - Links from the “info room” page at www.yuvee.com/prWhitePapers.php
 - www.slideshare.net and www.scribd.com
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About Yuvee

- Yuvee
 - develops and licenses advanced user interfaces and related whole device designs for mobile and converged contexts that make the next generation mobile and converged lifestyle effortless and immersive, including the mobile Web and apps
 - provides advisory services in multiple areas relating to mobile and converged devices including
 - differentiated, physical and graphical user interface design
 - mobile and converged device design
 - innovation management processes (“IMP”) optimization
- Contact
 - Tim Higginson at (847) 962-1623 or info@yuvee.com
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